

Message Text

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PAGE 01 TOKYO 08646 011241Z

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ACTION EB-11

INFO OCT-01 EA-11 ISO-00 L-03 SS-20 NSC-07 AID-20 CEA-02

CIAE-00 COME-00 EUR-25 FRB-02 INR-10 IO-14 NEA-14

NSAE-00 RSC-01 OPIC-12 SP-03 TRSE-00 CIEP-02 LAB-06

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FM AMEMBASSY TOKYO

TO SECSTATE WASHDC PRIORITY 3010

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E.O. 11652: N/A

TAGS: EFIN, JA

SUBJECT: DISCUSSION OF EMINENT PERSONS REPORT AT OECD INVESTMENT
EXPERTS MEETING

REF: STATE 137390

SUMMARY: GOJ IN BASIC AGREEMENT WITH U.S. ON NEGATIVE THRUST
OF REPORT, BUT HAVING TROUBLE DOCUMENTING CERTAIN AREAS OF
U.S. ARGUMENT. GOJ PRESENTLY DOES NOT AGREE WITH U.S.
VIEWS ON AUTOMATIC INSCRIPTION OF MNC ON AGENDA OR ON
IMMEDIATE ESTABLISHMENT OF UN COMMISSION UNDER ECOSOC.
GOJ WILL PROBABLY AGREE TO ECOSOC RESOLUTION AND ATTEMPT
MODIFY WORDING OF RECOMMENDATIONS INCLUDED. GOJ LOOKS
FORWARD TO OECD INVESTMENT EXPERTS DISCUSSION OF REPORT
AND CAN PROBABLY SUPPORT DEFERRING ECOSOC DISCUSSION SHOULD
QUESTION ARISE. END SUMMARY.

1. EMBOFF CALLED ON TOMOYA KAWAMURA, DIRECTOR, SECOND
INTERNATIONAL ORGANIZATIONS DIVISION, FONOFF, ON JULY
1 TO DISCUSS PRELIMINARY GOJ VIEWS ON EMINENT PERSONS
REPORT. KAWAMURA WILL ATTEND JULY 8-9 OECD INVEST-
MENT EXPERTS MEETING. KAWAMURA BEGAN BY STATING THAT
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PAGE 02 TOKYO 08646 011241Z

GOJ DID NOT HAVE FINAL POSITION AT THIS TIME. HE

NOTED THAT THERE WERE TWO VIEWS WITHIN FONOFF; WITH ECONOMIC AFFAIRS BUREAU TENDING TO BE CLOSER TO US POSITION, AND UN BUREAU CLOSER TO POSITION OF LDC'S. FINAL POSITION WOULD ALSO HAVE TO BE APPROVED BY MINISTRY OF INTERNATIONAL TRADE AND INDUSTRY, WHICH ALSO INCLINED TOWARD LDC'S VIEW. WITH THESE CAVEATS, KAWAMURA THEN PROVIDED FOLLOWING RUN-DOWN OF GOJ VIEWS ON RREPORT, TAKING INTO ACCOUNT PRELIMINARY U.S. VIEWS.

2. KAWAMURA SAID THAT GOJ AGREED WITH U.S. VIEW THAT REPORT WAS NEGATIVE IN TONE. HE ALSO BELIEVED THAT SCOPE OF THE REPORT WAS TOO LIMITED, FOCUSING AS IT DID ONLY ON LDC ASPECTS OF PROBLEM. HE ASKED, HOWEVER, FOR SPECIFIC PORTIONS OF REPORT USED TO BACK-UP U.S. STATEMENT THAT REPORT REGARDS MNC'S PRIMARILY AS ENGINES OF DEVELOPMENT. HE SAID THAT HE WAS UNABLE TO FIND ANYTHING DIRECTLY STATING THIS POSITION. EMBOFF EXPRESSED VIEW THAT STATEMENT WAS INTENDED TO REFER TO OVERALL THRUST OF REPORT, BUT UNDERTOOK TO REQUEST MORE SPECIFIC REFERENCE.

3. KAWAMURA ALSO ASKED FOR THOSE SPECIFIC RESTRICTIONS WHICH U.S. THOUGHT WOULD RESTRICT OPERATIONS OF MNC'S OR WOULD CREATE UNCERTAINTIES WHICH WOULD IMPEDE INVESTMENT. EMBOFF AGREED TO CHECK THIS POINT AS WELL. KAWAMURA STATED THAT HE HAD DIFFICULTY WITH U.S. ARGUMENT THAT ISSUES IN REPORT SHOULD NOT BE CONCEPTUALIZED AS MNC ISSUES. WHILE AGREEING THAT THEY WERE RELATED TO INVESTMENT AND DID OVERLAP WITH OTHER AREAS, HE STILL FELT THAT SUCH A POSITION WOULD BE HARD TO MAINTAIN.

4. REGARDING U.S. VIEW ON REPORT'S RECOMMENDATION THAT MNC ISSUES BE INCLUDED AS ANNUAL ITEM FOR DISCUSSION BY ECOSOC, KAWAMURA SAID THAT AT PRESENT GOJ COULD NOT AGREE TO OPPOSE THIS. HE SAID THAT IF COMMISSION ESTABLISHED (SEE FOLLOWING PARA)IT WOULD SEEM NATURAL TO HAVE ITEM ON AGENDA. FUTHER. U.S. POSITION THAT ITEM ONLY BE INCLUDED IF THERE WAS SIGNIFICANT ISSUE TO BE DISCUSSED, GIVEN CURRENT INTEREST IN MNC ISSUE, WOULD ONLY SERVE TO PUT COUNTRIES SUPPORTING U.S. IN LIMITED OFFICIAL USE

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PAGE 03 TOKYO 08646 011241Z

OPPOSITION TO LDC'S AND WOULD, IN FINAL ANALYSIS, STILL RESULT IN ITEM APPEARINGON ECOSOC AGENDA EACH YEAR. THUS, FOR POLITICAL REASONS, GOJ WOULD PROBABLY NOT OPPOSE THIS RECOMMENDATION.

5. REGARDING ESTABLISHMENT UNDER ECOSOC OF 25 MAN COMMISSION, HE SAID THAT GOJ HAD REACHED POSITION THAT IT WOULD RELUCTANTLY NOT OPPOSE IMMEDIATE ESTABLISHMENT.

HE SAID THIS POSITION WOULD BE REVIEWED IN LIGHT OF U.S. VIEWS. KAWAMURA STATED THAT GOJ UNDERSTOOD THAT MAJORITY VIEW WAS THAT PURPOSE OF EMINENT PERSONS REPORT WAS TO ESTABLISH NEW STRUCTURE. JAPANESE MEMBER OF EMINENT PERSONS PANEL HAD BEEN CONVINCED THAT THIS WAS NEEDED AND GOJ COULD NOT, THEREFORE, TAKE POSITION THAT COMMISSION IDEA HAD BEEN PLANTED BY SECRETARIAT. HE SAID, THAT, IN GOJ VIEW, FIRST WORK OF COMMISSION SHOULD BE TO COLLECT FACTS AND TO THEN ASCERTAIN WHAT FURTHER STEPS NECESSARY. GOJ WOULD, THEREFORE, WISH MODIFY TERMS OF REFERENCE WITH RESPECT TO CODE OF CONDUCT AND POSSIBLE MULTINATIONAL AGREEMENT. GOJ DID NOT BELIEVE THAT COMMISSION SHOULD MOVE DIRECTLY INTO THESE AREAS. GOJ VIEW AT PRESENT ALSO DOES NOT ACCORD WITH U.S. VIEW ON REPRESENTATION OF COMMISSION MEMBERS. GOJ UNDERSTANDS POINTS MADE BY U.S. IN THIS RESPECT, BUT FEELS THAT BY HAVING MEMBERS SERVE IN INDIVIDUAL CAPACITY, AND NOT AS GOVERNMENT REPRESENTATIVES, COMMISSION'S VIEWS WILL NOT BE BINDING ON VARIOUS GOVERNMENTS. IF GOVERNMENTAL ACTION IS REQUIRED ON RECOMMENDATIONS OF THIS COMMISSION, SUCH RECOMMENDATIONS CAN BE BROUGHT BEFORE ECOSOC FOR ACTION.

6. KAWAMURA SAID THAT GOJ VIEW WAS IN AGREEMENT WITH U.S. ON QUESTION OF ESTABLISHMENT OF AN INFORMATION AND RESEARCH CENTER ON MNC'S IN UN SECRETARIAT.

7. KAWAMURA SAID HE WAS UNCLEAR AS TO WHY U.S. LIMITED ITS RESERVATIONS ON AN ECOSOC RESOLUTION ON REPORT'S RECOMMENDATIONS ONLY TO AREA OF MNC'S IMPACT ON INTERNATIONAL RELATIONS. HE SAID THAT GOJ WOULD ALSO THINK THAT SECTION ON IMPACT ON LDC'S SHOULD BE INCLUDED IN AREA SUBJECT TO RESERVATION. HE ADDED, LIMITED OFFICIAL USE

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PAGE 04 TOKYO 08646 011241Z

HOWEVER, THAT GOJ WOULD PROBABLY NOT OPPOSE ECOSOC ADOPTING RESOLUTION ON RECOMMENDATIONS IN REPORT, BUT WOULD RATHER WORK FOR MODIFICATIONS IN WORDING OF SUCH RECOMMENDATIONS AS WERE INCLUDED IN RESOLUTION.

8. KAWAMURA SAID THAT JAPAN LOOKED FORWARD TO A FREE AND FRANK EXCHANGE OF VIEWS ON SUBSTANCE OF EMINENT PERSONS REPORT AT COMING OECD INVESTMENT EXPERTS MEETING. HE EXPRESSED HOPE THAT SUCH AN EXCHANGE AT MEETING WOULD NOT PRECLUDE FURTHER INFORMATIONAL EXCHANGES AT ECOSOC MEETING. EMBOFF ASSURED HIM THAT SUCH WOULD NOT BE CASE.

9. EMBOFF ASKED IF GOJ WOULD BE IN POSITION TO SUPPORT DEFERRING DISCUSSION OF EMINENT PERSONS REPORT IN

ECOSOC TO LATTER PART OF JULY IN ORDER ALLOW SUFFICIENT TIME REVIEW RESULTS OF OECD INVESTMENT EXPERTS MEETING. KAWAMURA SAID THAT HE PERSONALLY SAW NO DIFFICULTY IN GOJ SUPPORT FOR DEFERRING DISCUSSION. HE ADDED THAT IT WAS GOJ UNDERSTANDING THAT REVIEW OF REPORT WOULD NOT COME UP UNTIL LATE JULY IN ANY EVENT AND, THUS, QUESTION OF DEFERRING DISCUSSION MIGHT WELL NOT ARISE.

10. IN CONCLUSION, KAWAMURA AGAIN STRESSED POINT THAT GOJ POSITION STILL UNDER REVIEW AND AGREED KEEP IN CLOSE TOUCH WITH EMBASSY REGARDING ANY FURTHER SHIFTS.

11. ACTION REQUESTED: INFORMATION TO ENABLE EMBASSY TO RESPOND TO QUESTIONS RAISED PARA'S 2 AND 3. SHOESMITH

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